

# Bonding

## **PROGRAM DESCRIPTION**

Fidelity Bonding is a federal program administered by the Department of Workforce Services (DWS). Bonding is insurance for employers to protect against employee theft or dishonesty. Employees who handle money or valuable tools or goods are covered.

Bonds are free of charge for six months. The amount of insurance issued is usually \$5,000. The insurance has no deductible amount and reimburses the employer for any loss due to employee theft of money or property for six months. When the six-month period expires, the employer has the option of purchasing the bond directly from the insurance company.

The application process is simple and quick. The applicant must have a bona fide job offer from an employer with at least 30 hours of work per week. Coverage for the new employee begins on the first day of work.

When commercial bonding (insurance) is denied because of an individual's background, the employer will often not hire the individual. Fidelity bonding provides coverage for individuals who are denied coverage by commercial carriers.

## **ELIGIBILITY FOR BONDING**

Potential candidates for bonding include:

- Ex-Offenders (Arrest Record)
- Welfare Recipients (credit risk)
- Ex-Addicts (alcohol/drugs)
- Disadvantaged Youth (lack work history)
- Dishonorable Military Discharge
- Anyone who is not commercially bondable

Individuals who are self-employed are not eligible to be bonded for their own company.

## **PURPOSE OF BONDING**

- To assist ex-offenders and other at risk person with questionable backgrounds secure jobs, which might be denied employment due to their previous personal or employment history.
- To help protect employers from loss of money or property, due to dishonest actions of the potential employee.
- To help market eligible job seekers to prospective employers.

## **BENEFITS TO THE JOB SEEKER**

- Provides job opportunities to seekers who have been or may be denied commercial bonding coverage due to their previous personal or employment history.
- Promotes confidence in a seeker who needs a break to participate in employment and needs a chance to show that he or she can be a productive worker.
- Provides fidelity bond insurance for up to six months for any job seekers with risk factors.
- Applies to any job except self-employment.
- Bonding coverage is provided at no cost to the job seeker.

### BENEFITS TO THE EMPLOYER

- Bond coverage is provided at no cost as an incentive to hire hard to place job applicants.
- The bond coverage is effective the day the new employee begins work with duration of six months.
- The employer gets the worker's skills and abilities without taking the risk of potential theft or dishonesty.
- There are no documents to sign or paperwork to complete.
- The bond has no deductible and reimburses the employer for any loss due to employee theft within the specified six-month period.

### JOB REQUIREMENTS

- The employer must have a specific date set for the applicant to begin work.
- The applicant must be of legal working age.
- The position must be one where the applicant will work at least 30 hours of steady work per week for a period of six months.
- Federal taxes must be automatically deducted from the check.
- The job must be suitable for the applicant.

### COVERAGE AMOUNTS

- Bonds are issued in increments of \$5,000 for a period of 6 months. Maximum of \$25,000.
- Coverage is based on the level potential or estimated risk to the employer for financial loss, which could result from dishonest acts by the individual while on the job (excluding vehicles).
- Bonds in excess of \$5,000 should be limited to individuals who may steal/destroy more than \$5,000 in money or property at one time. Bonds in excess of \$5,000 must have reasonable justification.

### BOND INFORMATION

- Bonds can be issued to any employer regardless of whether the company has or has not purchased a Fidelity Bond.
- Specific coverage includes theft, forgery, larceny or embezzlement. Bonds do not provide coverage for situations due to poor workmanship, job injuries or work accidents.
- It is not a bail bond, court bond, contract bond, performance bond or license bond.
- Bonds are not transferable from one employer to another.

### COVERAGE PROCESS

- Visit any DWS Employment Center to inquire about and/or apply for the bonding program. Eligibility will be determined and employment information for a bona fide job offer will be verified, and a bond form completed by an employment counselor at the EC.
- A letter will be sent to the employer confirming the bond. The letter includes the name of the job seeker for whom the bond is being issued, bond effective date, amount and period of coverage, etc. This letter confirms the bond in advance of receipt of the actual Fidelity Bond, which is mailed to the employer.

### CONTACT INFORMATION

For more information contact your local DWS Employment Center or visit us on the web at:

<http://jobs.utah.gov/services/bond.asp>

<http://wtw.doleta.gov/documents/fedbonding.asp>



### Department of Workforce Services

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Auxiliary aids and services are available upon request to individuals with disabilities. Call (801) 526-9240. Individuals with speech and/or hearing impairments may call the state relay by dialing 711. Spanish Relay Utah: 1-888-346-3162.